

Message Text

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ORIGIN FEA-01

INFO OCT-01 ARA-06 ISO-00 ERDA-05 AID-05 CEA-01
CIAE-00 COME-00 EPG-02 DODE-00 EB-07 FPC-01 H-01
INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04
USIA-06 OES-07 SP-02 SS-15 STR-04 TRSE-00 ACDA-07
PA-01 PRS-01 /098 R

DRAFTED BY FEA/IEA:DROLIVER
APPROVED BY EB:JLKATZ
FEA/IEA:CBTHOMPSON
EB/ORF/FSE:PKBULLEN
EB/ORF/FSE:RRMARTIN
ARA:WLUERS
ARA/MEX:GFALK
WHITE HOUSE:HBERGOLD
E:JEINHORN

-----030229Z 047114 /70

P 022346Z JUN 77
FM SECSTATE WASHDC
TO AMEMBASSY MEXICO PRIORITY

C O N F I D E N T I A L STATE 127892

E.O. 11652: GDS

TAGS: ENRG, MX

SUBJECT: NATURAL GAS CONTACTS

REF: STATE 102447

1) PRESIDENTIAL ENERGY ADVISOR SCHLESINGER AND PEMEX
DIRECTOR GENERAL DIAZ SERRANO MET DURING DIAZ SERRANO VISIT
TO 'AS;INGTON AS REPORTED REFTEL. IN COURSE OF DISCUSSION
OF MEXICAN PETROLEUM DEVELOPMENT PLANS, THEY AGREED IT
WOULD BE USEFUL TO HAVE PRELIMINARY, TECHNICAL CONTACTS ON
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NATURAL GAS AT AN EARLY DATE. IN ORDER TO MOVE THIS PRO-
CESS FORWARD, EM0ASSY IS REQUESTED TO FORWARD LETTER FROM
SCHLESINGER TO DIAZ SERRANO, TEXT OF WHICH IS GIVEN IN
PARA 3-9.

2) DISCUSSIONS ON NATURAL GAS WILL BE HELD WITHIN THE CON-
TEXT OF THE CONSULTATIVE MECHANISM AGREED UPON AT THE

CABINET-LEVEL MEETING ON MAY 26, BUT MAY PROCEED AT AN ACCELERATED PACE.

3) TEXT OF LETTER: QUOTE DEAR MR. DIRECTOR GENERAL: I APPRECIATED THE OPPORTUNITY TO MEET WITH YOU AND SECRETARY MOCTEZUMA CID DURING YOUR VISIT TO WASHINGTON, AND TO

REVIEW OUR MUTUAL CONCERNS. I ALSO HAD A PRODUCTIVE MEETING WITH UNDER SECRETARY WARMAN FOLLOWING THE CABINET-LEVEL MEETING ON MAY 26.

4) YOU AND I AGREED THAT, AMONG THE MANY INTERESTS WE HAVE IN COMMON, IT WOULD BE USEFUL IN THE NEAR FUTURE TO HAVE OUR TECHNICAL EXPERTS MEET FOR A PRELIMINARY EXCHANGE OF INFORMATION RELATED TO THE POSSIBILITY OF LONG-TERM MEXICAN SALES OF NATURAL GAS TO US BUYERS. THIS IS A NEW FIELD, ONE IN WHICH WE NEED TO LEARN MORE ABOUT EACH OTHER'S PLANS AND TECHNICAL POSSIBILITIES IN ORDER TO PREPARE FOR FUTURE COOPERATION.

5) THERE ARE MANY ELEMENTS TO BE EXPLORED. OUR EXPERTS WOULD BE PREPARED TO PROVIDE INFORMATION ON US MARKET POTENTIALS AND OPPORTUNITIES AVAILABLE FROM US PIPELINE INDUSTRIES, THE REGULATORY PROCESSES INVOLVED IN THE INTRODUCTION OF GAS INTO OUR INTERSTATE SYSTEM, US GAS PRICING AND MARKET ALLOCATION POLICIES, AND OTHER ASPECTS OF THE INTERFACE BETWEEN THE FEDERAL GOVERNMENT AND THE GAS PIPELINE COMPANIES IN THE UNITED STATES.

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6) PARTICULARLY IN VIEW OF THE INVESTMENT IN PIPELINE CONSTRUCTION WHICH WOULD BE REQUIRED ON BOTH SIDES OF THE BORDER, YOUR EXPERTS AND OURS WOULD WANT TO LOOK AT PROJECTED PRODUCTION AND EXPORT VOLUMES, TAKING INTO ACCOUNT THE RESERVES SITUATION AND LIKELY MEXICAN DOMESTIC CONSUMPTION. PRICE POLICIES WOULD OF COURSE BE OF INTEREST, AS WOULD AN INDICATION OF THE PRIORITIES WHICH MIGHT BE GIVEN TO DOMESTIC AND EXPORT COMMITMENTS IN THE EVENT GAS DEMANDS SHOULD BE GREATER, OR PRODUCTION LESS, THAN ANTICIPATED. IT MIGHT ALSO BE USEFUL TO DISCUSS ROUTES, OPERATING CHARACTERISTICS AND THE PRINCIPAL ELEMENTS OF THE ECONOMICS OF THE PIPELINES AND RELATED STORAGE FACILITIES INVOLVED IN BOTH COUNTRIES.

7) IN ORDER TO HAVE OUR TECHNICAL PERSONNEL EXPLORE THESE MATTERS TOGETHER, I WOULD BE PLEASED TO HAVE APPROPRIATE US GOVERNMENT PERSONNEL MEET WITH YOUR STAFF. IF YOU LIKE, WE COULD SEND A SMALL GROUP OF EXPERTS TO MEXICO CITY TO START THESE PRELIMINARY CONTACTS. SHOULD YOU PREFER, WE

WOULD BE PLEASED TO RECEIVE YOUR EXPERTS IN WASHINGTON.
IT WOULD BE USEFUL IF THIS PRELIMINARY CONTACT COULD BE
MADE IN THE FIRST HALF OF JUNE.

8) THESE PRELIMINARY CONTACTS WOULD BE COORDINATED
WITH THE ACTIVITIES OF THE ECONOMIC WORKING GROUP
ESTABLISHED MAY 26 UNDER THE US/MEXICAN CONSULTATIVE
MECHANISM.

9) I LOOK FORWARD TO A FURTHER STRENGTHENING OF OUR
MUTUAL COOPERATION IN THIS AS IN OTHER FIELDS.
SINCERELY, JAMES R. SCHLESINGER UNQUOTE. VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Control Number: n/a
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Disposition Approved on Date:
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TAGS: ENRG, MX, US, PEMEX, (SCHLESINGER, JAMES R), (DIAZ SERRANO)
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